

Terms and conditions for the issue of EUR 75,000,000 senior unsecured notes by Scandinavian Airlines System Denmark – Norway – Sweden

This document constitutes the terms and conditions for the issue of EUR 75,000,000 senior unsecured notes by Scandinavian Airlines System Denmark – Norway – Sweden.

§ 1

DEFINITIONS

In these terms and conditions, the following terms shall have the meanings set forth below.

“Account Operator”	a bank or other party which has been authorised to act as an account operator pursuant to the Swedish Financial Instruments (Accounts) Act (SFS 1998:1479) and with whom a Noteholder has opened a securities account with respect to the Notes;
“Adjusted Loan Amount”	means the total amount of outstanding Notes reduced by any Notes held by the Issuer or an SAS Group company;
“Banking Day”	a day in Sweden which is not a Sunday or other public holiday and, with respect to the payment of debt, is a day on which banks are open for general business in Stockholm;
“Capital Employed”	means, at any time, an amount equal to the total assets of the SAS Group less the amount of its non-interest bearing liabilities represented by each of (a) accounts payable, subsidiaries, (b) accounts payable, suppliers, (c) accrued expense and prepaid income and (d) unearned transportation revenue, (all of which being the amounts shown in the latest financial statements of the SAS Group delivered in accordance with Clause 10 (<i>Covenants</i>) (<i>Information Covenants</i>));
“Currency”	means EUR;
“Dealer”	means Skandinaviska Enskilda Banken AB (publ);
“EUR”	means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty;
“EURIBOR”	means the interest rate which, (1) at 11:00 a.m. on the relevant Banking Day is published on Reuters’ “EURIBOR01” page (or through such other system or on such other page which replaces the above-stated system or page); or, where no such listing exists, (2) at the above-stated time according to notice by the Dealer, is equal to (a) the average of the Reference Bank’s quoted interest rates for deposits of EUR 10,000,000 for the relevant period on the inter-bank market in Stockholm or, where only one or no

	such quote is provided (b) the Dealer's estimate of the interest rate which commercial banks in Sweden are offering for loans of EUR 10,000,000 for the relevant period on the inter-bank market in Stockholm;
"Euroclear common code"	[]
"Euroclear Sweden"	Euroclear Sweden AB, a company incorporated under the laws of Sweden under registration number 556112-8074, with its principal place of business at Regeringsgatan 65, 103 97 Stockholm, Sweden;
"Event of Default"	means any event or circumstance specified in Clause 11 (a) – (e) (<i>Events of Default</i>);
"Finance Documents"	means (i) these terms and conditions and (ii) the dealer agreement between the Issuer and the Dealer dated on or about the date of these terms and conditions;
"GAAP"	means generally accepted accounting principles, standards and practices in the relevant jurisdiction(s) including IFRS;
"Indebtedness for Borrowed Money"	means any indebtedness for or in respect of: <ul style="list-style-type: none"> (a) moneys borrowed; (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent; (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP as applicable at the date of this Agreement, be treated as a finance or capital lease; (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing according to GAAP; (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and (i) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above;
"Interest Basis"	means a fixed rate of 9.65 per cent. for the period starting on

	the Issue Date and ending on Maturity;
“Interest Date”	Determination 16 June in each year;
“Interest Payment Date”	16 March, 16 June, 16 September and 16 December in each year, commencing on 16 June 2011 (short first coupon), up to and including the Maturity Date;
“ISIN”	SE0003883727;
“Issuer”	means Scandinavian Airlines System Denmark – Norway – Sweden;
“Issue Date”	means 23 March 2011;
“Maturity Date”	means 16 June 2014;
“Nominal Amount”	means EUR 75,000,000;
“Note”	means the securities issued by the Issuer pursuant to these terms and conditions;
“Noteholder”	means a party which is registered on a Securities Account as a creditor pursuant to the Swedish Financial Instruments (Accounts) Act or which is otherwise entitled to receive payment pursuant to a Note;
“Reference Banks”	means the principal Stockholm office of the four largest banks in the Stockholm inter-bank market;
“SAS AB”	means SAS AB (publ), a company incorporated under the laws of Sweden under registration number 556606-8499, with its principal place of business at Frösundaviks Allé 1, Solna, Sweden;
“SAS Group”	means SAS AB and its Subsidiaries for the time being;
“SAS Permitted Encumbrance”	means, in relation to any member of the SAS Group: <ul style="list-style-type: none"> (a) encumbrances arising solely by operation of law or by order of a court or tribunal (or by an agreement of similar effect), and/or in the ordinary course of business or operations, in each case in respect of overdue amounts which either (i) have not been overdue for more than ninety (90) days, or (ii) are being contested in good faith; (b) any encumbrance arising out of title retention or like provisions in relation to the acquisition of goods or equipment acquired in the ordinary course of business or operations; (c) any encumbrance created on any asset acquired, constructed or created after the date of these terms and conditions and/or in the income, cash flow or other proceeds deriving from that asset for the sole purpose of financing or refinancing that acquisition, construction or creation and/or the development or operation of that asset and securing a principal, capital or nominal amount (not exceeding the invoiced cost for that acquisition, construction, creation,

- development or operation);
- (d) any encumbrance (i) outstanding on or over any asset acquired after the date of these terms and conditions, (ii) in existence at the date of such acquisition, and (iii) where the principal amount secured thereby is not increased by that so secured and outstanding at the time of acquisition (other than, in the case of an encumbrance for a fluctuating balance facility, by way of utilisation of that facility within the limits applicable thereto at the time of acquisition, provided that such facility was not entered into in contemplation of such acquisition);
 - (e) any encumbrance created or outstanding on or over any asset of any company which becomes a member of the SAS Group on or after the date of the Issue Date, where such encumbrance is created prior to the date such company becomes a member of the SAS Group;
 - (f) any encumbrance in favour of a plaintiff or defendant in any action before a court or tribunal as security for costs or expenses where such action is being prosecuted or defended in the bona fide interest of the relevant member of the SAS Group;
 - (g) any encumbrance described in either paragraph (e) or (f) above and renewed or extended upon renewal or extension or refinancing or replacement of the Indebtedness for Borrowed Money secured thereby, provided that there is no increase in the principal amount of the Indebtedness for Borrowed Money secured thereby over the principal, capital or nominal amount thereof outstanding immediately prior to such refinancing; and
 - (h) any encumbrance created or outstanding with the prior approval of a Senior Lender;

“Securities Account”

means a securities account on which each respective Noteholder’s holdings of Notes are registered in accordance with the Swedish Financial Instruments (Accounts) Act (SFS 1998:1479);

“Senior Lender”

means each of the lenders under the bilateral and multilateral loan agreements between the Issuer and its lending banks, dated early 2010;

“Series Number”

means 104;

“Subsidiary”

means in relation to any company or corporation, a company or corporation;

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
 - (b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
 - (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation; and
- “US Securities Act” means the United States Securities Act of 1933.

§ 2

NOMINAL AMOUNT, MANDATORY REDEMPTION AND CONDITIONS PRECEDENT

The Nominal Amount of the Notes is EUR seventy five millions (75,000,000). The Notes will be in denominations of EUR one hundred thousand (100,000) or in integral multiples thereof.

The Notes shall be senior debt of the Issuer. The Notes shall rank *pari passu* with all other unsecured debt of the Issuer and shall rank ahead of subordinated debt.

The Issuer hereby undertakes to, in accordance with these terms and conditions redeem the Nominal Amount of the Notes on the Maturity Date and pay interest according to Clause 3 (*Interest*).

Disbursement of the net proceeds of the Notes to the Issuer will be subject to the Dealer, on behalf of the Noteholders, having received the following documents, in form and substance satisfactory to the Dealer, at least two Banking Days prior to the Issue Date:

- a) these terms and conditions duly executed by the Issuer;
- b) a certified copy of a certificate of a duly authorised officer of the Issuer certifying that the execution, delivery and performance of the Finance Documents have been authorized by the Issuer’s board of directors, naming a specified person or persons, on its behalf, to sign and execute the Finance Documents;
- c) an original power of attorney from the Issuer as to the person or persons referred to in paragraph (b) duly executed by Issuer;
- d) the last financial statements and quarterly financial report;
- e) a capacity and enforceability legal opinion from the Issuer’s legal counsel; and

§ 3

INTEREST

The Notes carries interest according to the Interest Basis from the Issue Date up to the Maturity Date, as specified below.

The fixed rate of interest is 9.65 per cent *per annum* and the interest is payable quarterly in arrears. The day count fraction in respect of the calculation of the payable interest amount shall be 30/360. Interest payment dates are 16 March, 16 June, 16 September and 16 March in each year, commencing on up 16 June 2011 until Maturity Date.

If the relevant Interest Payment Date falls on a day that is not a Banking Day, that interest payment date will instead fall on the first following Banking Day, unless that day falls in the next calendar month, in which case that day will be the first preceding day that is a Banking Day, subject to the Notes will bear Interest only up and including the Maturity Date.

§ 4

REGISTRATION OF THE NOTES

The Notes shall be registered on Securities Accounts on behalf of the Noteholders and, therefore, no physical securities will be issued.

Requests for certain registration measures regarding the Notes shall be directed to the Account Operator.

Any party which, on the basis of a mandate, pledge, the provisions of the Swedish Parental Code, terms and conditions of a will or deed of gift, or otherwise has acquired the right to receive payment pursuant to a Note must cause such right to be registered in order to receive payment.

§ 5

PURCHASE AND TRANSFER OF NOTES

The distribution of these terms and conditions and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law.

The Notes have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Dealer has agreed that it will not offer or sell the Notes within the United States as part of its distribution at any time.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act.

§ 6

REDEMPTION OF NOTES AND PAYMENT OF INTEREST

The Nominal Amount of the Notes shall be due and payable on the Maturity Date.

Payment of the Nominal Amount and interest shall be made to a party that is a Noteholder on the fifth Banking Day prior to the respective due date or on the Banking Day closer to the respective due date which may generally be applied on the Swedish bond market (= Record Date).

Where a Noteholder, via the Account Operator, has requested that nominal amounts and interest shall be deposited on a particular bank account, Euroclear Sweden shall cause such deposit to be made on the respective due date. In other cases, Euroclear Sweden shall forward the sum on the above-stated date to the Noteholder at the address registered with Euroclear Sweden on the Record Date. Where the due date is a day which is not a Banking Day, the amount shall be deposited or forwarded on the following Banking Day and, in such circumstances, interest shall only accrue up to and including the original due date.

In the event that Euroclear Sweden, as a consequence of delay by the Issuer or other impediments, is unable to make payment of amounts in accordance with the above provisions, such amounts shall be paid by Euroclear Sweden to such party who is a Noteholder on the Record Date as soon as the cause for the impediment has terminated.

In the event the Issuer is unable to perform its payment obligations through Euroclear Sweden in accordance with the above provisions as a consequence of impediments encountered by Euroclear Sweden as specified in Clause 16 (*Limitation of liability Etc.*), the Issuer shall be entitled to postpone the payment obligation until such time as the impediment has been removed. In such circumstances, interest shall accrue in accordance with the second paragraph of Clause 8 (*Default interest*) below.

In the event a party which has received amounts in accordance with the above provision is not entitled to receive such payment, the Issuer and Euroclear Sweden shall be deemed to have performed their relevant obligations. The above-stated shall not apply, however, where the Issuer or Euroclear Sweden was aware that the sum was improperly paid or where the Issuer or Euroclear Sweden failed to exercise normal caution.

§ 7

EARLY REDEMPTION

If an Early Redemption Event has occurred each Noteholder shall have the option to request redemption of the Notes at its Nominal Amount together with accrued interest within 30 days of being given notice in accordance with Clause 12 (*Notices*) by the Issuer that a change of control which constitutes a put event has occurred. Redemption following such request shall fall 30 days after the notice of such Early Redemption Event is given by the Issuer.

An "Early Redemption Event" shall be deemed to have occurred, if, after the Issue Date, any person or group of persons acting in concert gains control of SAS AB or if, after the Issue Date, the aggregate number of votes which might be cast at a general meeting of the shareholders of SAS AB held by one or more of the Danish, Norwegian or Swedish governments is reduced below twenty five percent (25%).

For the purpose of this Clause "control" means:

- (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) cast, or control the casting of, more than fifty per cent. (50%) of the maximum number of votes that might be cast at a general meeting of the shareholders of SAS AB; or
 - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of SAS AB; or
 - (iii) give directions with respect to the operating and financial policies of SAS AB which the directors or other equivalent officers of SAS AB are obliged to comply with; or
- (b) the holding of more than fifty per cent. (50%) of the issued share capital of SAS AB (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

"Acting in concert" means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actually co-operate, through the acquisition by any of them, either directly or indirectly, of shares in SAS AB, to obtain or consolidate control of SAS AB.

Notwithstanding the above, an Early Redemption Event shall not be deemed to occur if the governments of any of the Scandinavian countries increases its ownership in SAS AB or otherwise directly or indirectly gains control of SAS AB.

The Issuer shall promptly notify investors in accordance with Clause 12 (*Notices*) upon becoming aware of such change in control.

§ 8

DEFAULT INTEREST

In the event of late payment of the Nominal Amount or interest, interest shall accrue on outstanding sums from the due date up to and including the date on which payment is made at a rate of interest equal to the average of one week's EURIBOR, during the period of the delay plus one percentage point. EURIBOR shall, in such context, be determined the first Banking Day of each calendar week during the period of delay. Default interest pursuant to this Clause for Notes for which interest is payable shall, however, in no case be less than the rate of interest applicable to the relevant Note on the relevant due date plus one percentage points. Default interest shall not be capitalised.

In the event the delay is a consequence of impediments encountered by the Dealer or Euroclear Sweden as specified in Clause 16 (*Limitation of liability etc.*), default interest shall not be payable at a rate higher than the applicable interest rate for the Notes on the due date.

§ 9

LIMITATIONS

The right to payment of the Nominal Amount shall cease ten years after the Maturity Date. The right to interest payments shall terminate three years after each respective Interest Payment Date. Funds reserved for the payment of claims which are barred pursuant to this provision shall be the property of the Issuer.

In the event of an interruption of the limitations period, a new laches period of ten years shall apply with respect to nominal amounts and a new laches period of three years with respect to interest amounts, in both circumstances calculated from the day specified in the Swedish Limitations Act (SFS 1981:130) regarding the effect of interruption in a limitations period.

§ 10

COVENANTS

Negative Pledge

At all times, the financial condition of the SAS Group, as evidenced by the most recent financial statements of the SAS Group delivered in accordance with this clause shall be such that the total aggregated value of any asset or revenue of the SAS Group which is subject to an encumbrance, other than an SAS Permitted Encumbrance shall not exceed forty-five per cent. (45 %) of the Capital Employed by the SAS Group.

Disposal of assets

The Issuer shall not and shall procure that SAS AB shall not, either in a single transaction or in a series of transactions, whether related or not and whether voluntarily or involuntarily, sell, transfer, grant or lease (only if such lease would, in accordance with GAAP as applicable at the Issue Date, be treated as a finance or capital lease) or otherwise dispose of all or any of its assets to any person, including any other member of the SAS Group, if such disposal would have a material adverse effect on the Issuer's ability to perform its payment obligations under the Notes.

Continuation of business

The Issuer shall procure that no material change is made to the general nature or scope of business of the Issuer from that carried on at the date of these general terms and conditions.

Information covenants

The Issuer shall during the term of the Notes:

- a) inform the Noteholders of any Event of Default according to Clause 11 (*Events of Default*) promptly upon becoming aware of its occurrence.
- b) inform the Noteholders of any other event which may have a material adverse effect on the Issuer's ability to perform its payment obligations under the Notes.
- c) make available on its website quarterly and annual reports of the SAS Group as soon as they are available.

The supply of information is valid only if the information does not violate any contract which the Issuer has entered into with an exchange or other market place and if such information does not in any way violate for the Issuer applicable law or authority regulations.

§ 11

EVENTS OF DEFAULT

The Noteholders are entitled to terminate the Notes together with any accrued interest either immediately or at such time as the Noteholders determine upon occurrence of any of the following events:

a) *Non-payment*

the Issuer fails to make timely payment of interest on the Notes, unless such failure to pay is not remedied within three (3) Banking Days (in the case of a failure to pay principal) or five (5) Banking Days (in the case of any other payment); or

b) *Breach of other obligations*

the Issuer, in some respect other than that which is specified under section a) fails to perform its obligations pursuant to these terms and conditions, or otherwise act in contravention of such terms and conditions, provided that the Noteholders have demanded that the Issuer rectify such situation and the Issuer has failed to do so within fourteen Banking Days thereafter; or

c) *Cross default*

(i) any Indebtedness for Borrowed Money (including for this purpose the amount of any liability of the Issuer in respect of any operating lease) of the Issuer is not paid when due nor within any originally applicable grace period; or

(ii) any Indebtedness for Borrowed Money (including for this purpose the amount of any liability of the Issuer in respect of any operating lease) of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);

No Event of Default will occur under this section (c) if the aggregate amount of Indebtedness for Borrowed Money (including for this purpose the amount of any liability of the Issuer in respect of any operating lease) or commitment for

Indebtedness for Borrowed Money falling within (i) – (ii) above is less than ten million US dollars (\$10,000,000) (or its equivalent in any other currency or currencies); or

d) *Insolvency*

fixed assets of material value to the SAS Group owned by the Issuer or another SAS Group company are distrained (*Sw. utmäts*) by the Swedish Enforcement Agency (*Sw. Kronofogdemyndigheten*); or

the Issuer or an SAS Group company suspends payments; or

the Issuer or an SAS Group company applies for, or consents to, an application for reorganisation; or

the Issuer or an SAS Group company enters into bankruptcy; or

it is resolved to voluntarily liquidate the Issuer or an SAS Group company enters into compulsory liquidation; or

e) *Merger*

the Issuer's board of directors files a merger plan with the Swedish Companies Registration Office (*Sw. Bolagsverket*) according to which the Issuer shall be merged into another new or existing company provided that the Noteholders' written consent therefore has not been obtained.

Notwithstanding the above, the Noteholders shall only be entitled to terminate Notes for early redemption as a consequence of a circumstance specified in sections a) – e) above in the event that such circumstance is, in the objective reasonable opinion of the Noteholders, of such nature that it may negatively affect the interests of Noteholders in a material respect.

In the event the Noteholder's right of termination is a consequence of a decision by a court of law, governmental authority, or shareholders meeting, it shall not be necessary that such decision has become final and binding or that the period of appeal has expired.

The Issuer shall immediately notify the Noteholders upon becoming aware of the occurrence of a circumstance of the type specified in sections (a) – (e) above in accordance with Clause 10 (*Covenants*). In the absence of such notice, the Noteholders shall be entitled to proceed on the basis that no such circumstance has occurred or is expected to occur, provided that the Noteholders do not have knowledge to the contrary. At such times as the Noteholders reasonable deem necessary, the Issuer shall provide the Noteholders with a report regarding the circumstances specified in this Clause. In addition, the Issuer shall provide the Noteholders with any more detailed information which the Noteholders may reasonable request regarding the circumstances specified in Clause 10 (*Covenants*) and, upon request by the Noteholders, provide any and all documents reasonable requested which may be of significance in such context, in each case subject to applicable laws and stock exchange regulations governing the disclosure of information.

§ 12

NOTICES

Notices regarding the Notes shall be sent to the Noteholders' addresses registered in Euroclear Sweden's systems.

Notices to the Issuer shall be sent to SAS Group, Att. Corporate Legal Affairs, Frösundaviks Allé 1, 195 87 Solna, Sweden.

§ 13

MEETING OF NOTEHOLDERS

The Dealer shall be entitled to convene a Meeting of Noteholders and shall do so following a written request from the Issuer or from Noteholders who, on the day of the request, represent not less than one-tenth of the Adjusted Loan Amount ("Meeting of Noteholders"). Notice to attend shall be sent to the Issuer and Noteholders not less than 20 Banking Days prior to the Meeting of Noteholders in accordance with Clause 12 (*Notices*).

Notice to attend the Meeting of Noteholders shall state the time and place of the meeting as well as the agenda for the meeting. In the event that voting can take place by means of an electronic voting procedure, the notice shall clearly state the specific details therefor. In addition, the notice shall state the matters which are to be addressed and resolved upon at the meeting. The matters must be numbered. The primary content of each proposal presented must be stated. Only matters which are identified in the notice may be resolved upon at the Meeting of Noteholders. In the event that prior notification of intention to attend is necessary in order to entitle a Noteholder to participate at the Meeting of Noteholders, this must be clearly stated in the notice. A proxy form shall be appended to the notice.

The meeting shall commence with a chairman, keeper of the minutes, and persons to attest the minutes being designated by the Dealer unless the Meeting of Noteholders resolves otherwise.

In addition to Noteholders and their respective representatives and assistants, members of the board of directors, the managing director and other senior executives of the Issuer, the Issuer's auditors and legal advisors, and the Dealer shall be entitled to participate at the Meeting of Noteholders. Representatives must present duly issued proxies which must be approved by the chairman.

The Dealer shall ensure that a printout of the register of Noteholders (Sw. avstämningsregister) maintained by Euroclear Sweden as of the close of the fifth Banking Day prior to the day of the Meeting of Noteholders is available at the meeting. The chairman shall prepare a list of Noteholders present who are entitled to vote, with information regarding the share of the Adjusted Loan Amount represented by each Noteholder ("Voting Register"). Noteholders who have voted via electronic voting procedures, ballots or the equivalent shall, upon application of this provision, be deemed present at the Meeting of Noteholders. Only

those persons who were Noteholders or representatives of such Noteholders on the fifth Banking Day prior to the date of the Meeting of Noteholders and who are included in the Adjusted Loan Amount shall be entitled to vote and shall be included in the Voting Register. The Voting Register shall thereafter be approved by the Meeting of Noteholders.

Minutes of the Meeting of Noteholders shall be kept, recording the day and time of the meeting, attendees, matters discussed, results of voting, and resolutions which were adopted. The Voting Register shall be recorded in, or appended to, the minutes. The minutes shall be signed by the keeper of the minutes. They shall be attested by the chairman if the chairman has not kept the minutes, as well as by one of the persons appointed by the Meeting of Noteholders to attest the minutes. The minutes shall thereafter be submitted to the Dealer. The minutes shall be sent to the Noteholders pursuant to Clause 12 (*Notices*) no later than ten Banking Days after the Meeting of Noteholders. New or amended terms and conditions shall be appended to the minutes and sent to Euroclear Sweden through the agency of the Dealer or another party designated by the Dealer. The minutes shall be stored in a secure manner by the Dealer.

The Meeting of Noteholders is quorate where Noteholders representing not less than one-fifth of the Adjusted Loan Amount are present at the Meeting of Noteholders.

However, for the following types of matters, attendance of Noteholders representing not less than one-half of the Adjusted Loan Amount at the Meeting of Noteholders is necessary ("Extraordinary Resolution"):

- a) approval of an agreement with the Issuer or a third party regarding change of the Maturity Date, reduction of the loan amount, change of the designated currency for the Notes (unless this is subject to operation of law) and change of the applicable interest payment dates or other interest terms and conditions;
- b) approval of a change of debtor; and
- c) approval of an amendment of this Clause 13 (*Meeting of Noteholders*).

If a Meeting of Noteholders is convened and the necessary share of the Adjusted Loan Amount represented by Noteholders necessary for the meeting to be quorate has not been reached within thirty (30) minutes from the time scheduled for the Meeting of Noteholders, the meeting shall be adjourned until the day which falls one week later (or, if such day is a not a Banking Day, the following Banking Day). If the meeting is quorate for some, but not all, issues which are to be resolved upon at the meeting, the meeting shall be adjourned after resolutions have been adopted on matters for which the meeting was quorate. Notice that a Meeting of Noteholders has been adjourned and information regarding the time and place of the continued meeting shall be sent to the Noteholders as soon as possible through the agency of Euroclear Sweden. When an adjourned Meeting of Noteholders is resumed, the meeting shall be entitled to adopt resolutions, including Extraordinary Resolutions, if Noteholders representing not less than one-tenth of the Adjusted Loan Amount as per the printout of the register of Noteholders which was presented in accordance with the above stated (taking into consideration what is stated below regarding nominees) are present at the meeting. The resumed meeting shall commence with the preparation of a new voting register by the chairman (on the same principles as set forth above and based on the aforementioned printout of the register of Noteholders). Only Noteholders who are listed in such new voting register shall be

entitled to vote at the meeting. A Meeting of Noteholders cannot be adjourned more than once.

Resolutions of the Meeting of Noteholders are adopted by means of a poll vote if any Noteholder so requests. Each Noteholder entitled to vote shall, in conjunction with voting, have one vote per Note (which constitutes a share of all outstanding Notes) which he holds.

Extraordinary Resolutions are valid only if they are supported by not less than three quarters of the votes cast. For all other resolutions, the position which receives more than half of the votes cast shall prevail.

Upon application of this Clause 13 (*Meeting of Noteholders*), holders of nominee-registered Notes shall be regarded as Noteholders instead of the nominee if the holder presents a certificate from the nominee showing that as of the fifth Banking Day prior to the Meeting of Noteholders, the person in question was the holder of a Note and stating the size of such person's holding. Managers of nominee-registered Notes shall be deemed present at the Meeting of Noteholders for the number of Notes which the manager has been instructed to represent.

Resolutions adopted at a duly convened and executed Meeting of Noteholders are binding on all Noteholders regardless of whether they were present, and regardless of whether, and how, they have voted at the meeting. Noteholders who voted in favour of resolutions adopted at the Meeting of Noteholders cannot be held liable for any loss incurred by any other Noteholder as a result of such resolution.

All reasonable expenses of the Dealer and Euroclear Sweden in conjunction with Meeting of Noteholders shall be defrayed by the Issuer.

In conjunction with the application of this Clause 13 (*Meeting of Noteholders*), the Dealer shall be entitled to an extract from the register of Noteholders maintained by Euroclear Sweden for the Notes in question. The Dealer shall be entitled (but not obligated) to provide a copy of the extract to the Issuer.

A request to convene a Meeting of Noteholders must be submitted to the Dealer at the address stated in Clause 1 (*Definitions*). Such correspondence must state whether the business is urgent.

§ 14

NOMINEE REGISTRATION

With respect to Notes which are nominee registered pursuant to the Swedish Financial Instruments (Accounts) Act (SFS 1998:1479), upon application of these terms and conditions, the nominee shall be deemed to be the Noteholder.

§ 15

AMENDMENT OF THESE TERMS AND CONDITIONS

The Issuer and the Dealer are entitled to make any modifications of the terms and conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Other modifications or amendments to these terms and conditions shall be subject to a Noteholder's meeting according to Clause 13 (*Meeting of Noteholders*).

Any amendments shall be notified as soon as possible by the Issuer to the Noteholders according to Clause 12 (*Notices*).

§ 16

LIMITATIONS OF LIABILITY ETC.

With respect to the Dealer's and Euroclear Sweden's obligations, and with respect to Euroclear Sweden taking into account the provisions set forth in the Swedish Financial Instruments (Accounts) Act, neither the Dealer nor Euroclear Sweden shall be liable for damage which arises as a consequence of Swedish or foreign legislation, the actions of Swedish or foreign governmental authorities, acts of war, strikes, blockades, boycotts, lockouts, or other similar circumstances. The reservation in respect of strikes, blockade, boycotts, and lockouts shall apply notwithstanding that the party is itself the subject of, or effects, such measures.

Damage which arises under other circumstances shall not be compensated by the Dealer provided it has duly exercised normal caution. Compensation shall not be paid under any circumstances for indirect damage.

In the event that the Dealer or Euroclear Sweden is unable to perform in accordance with these general terms and conditions as a consequence of a circumstance specified above in this Clause, such performance may be postponed until such time as the cause for the impediment has terminated.

§ 17

APPLICABLE LAW, JURISDICTION

The laws of Sweden shall apply to the interpretation and application of these terms and conditions.

Disputes regarding this agreement shall be resolved, in the first instance, by the Stockholm District Court.

We hereby agree and confirm that the above-stated terms and conditions are binding on us and that we undertake to redeem the Nominal Amount of the Notes on Maturity Date and pay interest in accordance with Clause 3 (*Interest*).

Stockholm, 21 March 2011

SCANDINAVIAN AIRLINES SYSTEM DENMARK-NORWAY-SWEDEN

Two handwritten signatures in black ink. The signature on the left is for Mats Lönnkvist, and the signature on the right is for Rickard Gustafson.

Mats Lönnkvist
SVP & General Counsel
SAS Group

Rickard Gustafson
President and CEO
SAS Group